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ECONOMIC SECTOR/MAJOR GROUP: INDUSTRY

Draft text submitted by the Vice-Chairman,
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INDUSTRY AND SUSTAINABLE DEVELOPMENT

1. The Commission on Sustainable Development reaffirmed that in order to achieve sustainable development, Governments in cooperation with non-State actors need to undertake greater efforts to integrate economic, social and environmental goals into industrial policy and decision-making. Towards this end, Governments need to expand and intensify cooperation with industry, trade unions and other groups of civil society. The Commission took note of the Chairman's summary of the industry segment of its sixth session. The following recommendations of the Commission are based on the report of the Secretary-General on industry and sustainable development (E/CN.17/1998/4 and Add.1-3) and the report of the Ad Hoc Inter-Sessional Working Group on Industry and Sustainable Development (E/CN.17/1998/14).

I. INDUSTRY AND ECONOMIC DEVELOPMENT

2. The Commission recognized that industrial policy and responsible entrepreneurship are vital to the sustainable development strategies and should encompass a variety of interrelated economic, social and environmental objectives, such as the encouragement of an open, competitive economy, the creation of productive employment, and the protection of the environment.

3. The Commission emphasized that in order to achieve the objectives of sustainable development, Governments need to integrate economic, social and environmental concerns in their policy-making and to promote economic growth and international competitiveness of industry through macroeconomic policies. The Commission agreed that in order to stimulate domestic private enterprise, boost

economy-wide competitiveness, and attract foreign direct investment (FDI) policy reforms should aim to create an enabling policy environment, inter alia, through improvements in infrastructure and education, encouragement of research and development (R&D), facilitation of exports and liberalization of domestic markets. In this regard, the development of small and medium-sized enterprises (SMEs) should receive special attention.

4. The Commission stressed that for developing countries and economies in transition, FDI is often an important source of capital, new technologies, organization and management methods, and access to markets. The Commission also stressed that to promote FDI flows to developing countries, in particular to the least developed among them, greater emphasis should be placed by the United Nations system on promotional and information-dissemination activities relating to investment opportunities in the developing countries. In this respect, the programme of the United Nations Industrial Development Organization on investment promotion has proven to be an effective instrument for facilitating investment in developing countries and therefore should be strengthened.

5. The Commission emphasized that official development assistance (ODA) remains a main source of external funding, particularly for countries in Africa and the least developed countries (LDCs), and plays a significant role, inter alia, in capacity-building, infrastructure, poverty eradication and environmental protection in developing countries, and a crucial role in the LDCs.

6. The Commission recognized that industry plays a critical role in technological innovations and R&D activities, which are crucial for economic and social development of any country, as well as in the development, diffusion and transfer of environmentally sound technologies and management techniques, which constitute a key element of sustainable development.

7. The Commission emphasized that it was important for the achievement of sustainable development for Governments to develop and maintain an enabling policy framework based on a sound regulatory foundation complemented with a judicious mix of economic instruments, voluntary initiatives and agreements and public-private partnerships.

II. INDUSTRY AND SOCIAL DEVELOPMENT

8. The Commission recognized that there is a mutually reinforcing relationship between social and industrial development, and that industrialization has the potential to promote, directly and indirectly, a variety of social objectives such as employment creation, poverty eradication, gender equality, labour standards, and greater access to education and health care. In this regard, the overriding policy challenge is to promote the positive impacts while limiting or eliminating the negative impacts of industrial activities on social development. The Commission noted that improved access to education and health care has, in general, been associated with the pace of industrialization and recommended that Governments continue to give these priority.

9. The Commission recognized that industry contributes to social development objectives through, inter alia, the creation of productive employment, compliance with labour standards, corporate social initiatives, and attention to human resource development and worker welfare. Industry continues to face such challenges that can be addressed through better dialogue with trade unions and Governments.

10. The Commission acknowledged that, in dealing with the problems of industrialization, social policy has not always been gender neutral. In view of persistent gender disparities in areas such as income, employment, education and health, Governments, industry, trade unions, women's organizations, and other organizations of civil society should work together towards the elimination of discrimination against women.

11. The Commission emphasized that among the central concerns of the international community should be the growing international income disparities among and within countries and the risk that some countries and groups might fall deeper into poverty and exclusion. The World Summit for Social Development provided a strong basis for international cooperation, including with the business community. In this regard, policies should build on the Copenhagen Declaration on Social Development.

III. INDUSTRY AND ENVIRONMENTAL PROTECTION

12. The Commission noted that, as the world has become more industrialized, there have been increasing environmental pressures such as harmful emissions and waste, which have had global, regional or local impacts. These include, at the local level, urban air pollution, the contamination of soils and rivers, and land degradation; regionally, acid rain, water and coastal zone contamination; and globally, climate change, ozone layer depletion, the loss of biodiversity, increased movement of hazardous waste, and increased land-based marine pollution.

13. The Commission acknowledged that environmental sustainability and industrial development are mutually supportive, given appropriate technology, institutions, policies and systems of incentives.

14. The Commission stressed that the overriding task facing Governments is to maximize the positive influence of industrial activities on economic and social development, while minimizing the negative impact of production and consumption on the environment. To this end, Governments should review their regulatory policies and systems of economic incentives and disincentives, and should undertake other actions such as capacity-building, environmental data collection, and enforcement that support the environmental protection efforts of industry and civil society. Governments should encourage the wider dispersion and implementation of industry's voluntary initiatives and agreements and sharing of best practices.

15. The Commission called upon industry to increase its efforts, as appropriate, in the areas of responsible entrepreneurship and employment of various corporate management tools, including environmental management systems

and environmental reporting, to improve its environmental performance. Governments and industry must work together to develop policies to ensure that conformance with standards is not too costly or difficult to achieve for companies in developing countries and for SMEs.

16. The Commission recognized that eco-efficiency, cost internalization and product policies are also important tools for making consumption and production patterns more sustainable. In this regard, attention should be given to studies that propose to improve the efficiency of resource use, including consideration of a 10-fold improvement in resource productivity in industrialized countries in the long term and a possible factor-four increase in industrialized countries in the next two or three decades. United Nations Environmental Programme (UNEP)/ United Nations Industrial Development Organization (UNIDO) Cleaner Production Centres have demonstrated the compatibility between environmental protection and increased resource productivity, and the lessons learned in these activities should be implemented as broadly as possible.

IV. FUTURE WORK

17. The Commission recognized the value of the interactive dialogue between representatives of Governments, industry, trade unions, non-governmental organizations (NGOs) and international organizations in the industry segment of its sixth session, which focused on four themes: responsible entrepreneurship, corporate management tools, technology cooperation and assessment, and industry and freshwater. Similar dialogues should be held in the future, taking into account that their preparation must take place in the intergovernmental process and with balanced representation of all major groups from developed and developing countries.

18. The Commission noted the potential value of a review of voluntary initiatives and agreements to give content and direction to the dialogue between Governments and the representatives of industry, trade unions, NGOs and international organizations. As a first step, representatives of industry, trade unions and NGOs should examine voluntary initiatives and agreements to identify those elements which can be considered for this review. The Department of Economic and Social Affairs of the Secretariat could provide assistance in this process. Special attention should be given to the balanced involvement in the process of representatives from all major groups from developed and developing countries. The Secretariat should make the results of this review available to Governments. The Commission invited the Department, in cooperation with UNEP and UNIDO to examine how voluntary initiatives and agreements could contribute to the future work of the Commission and to report on the result of this work to the Commission at its seventh session.

19. UNEP is currently undertaking work on the voluntary commitments and initiatives taken by the financial sector that promote sustainable development. The work by the financial sector should be further developed. The Commission underlined the importance of such voluntary commitments and initiatives and invited UNEP to report on its work in this area.